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REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR-20-81

WASHINGTON, May 20--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

CHINA's State Statistical Bureau released the final 1980 grain outturn data on April 29. These and comparable data reported for 1979 are as follows in millions of tons.

	<u>1980</u>	<u>1979</u>	<u>1980 Quantitative change</u>
Total grain	318.220	332.115	-13.895
Rice (paddy)	139.225	143.375	- 4.150
Wheat	54.155	62.730	- 8.575
Tubers 1/	27.845	28.460	- .615
Soybeans	7.880	7.460	+ .420
Other grains	89.085 2/	89.715	- .630

1/ Grain equivalent. 2/ Residual.

The final results show a 13.9-million-ton decline from the record 1979 harvest and is relatively close to the preliminary estimate of a 15-million-ton decline as reported by a number of senior Chinese officials. The current 1981 target of 332.5 million tons, if attained, would mean an outturn largely the same as the 1979 harvest of 332.1 million tons. However, the gap in per capita availability would not be closed as 1981 year-end population will be roughly 23 million persons more than the 1979 end-of-year figure. Based on the 1979 average per capita grain availability of about 342 kilograms, the addition of roughly 8 million tons of grain will be required to provide for the growth in population. Given Beijing's admitted trade deficit and current policies to limit imports, China is not likely to boost grain imports substantially above the 1980/81 (July-June) record high of an estimated 14.7 million tons. However, grain imports are expected to remain high during the 1981/82 season.

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SOVIET seeding of small grains and pulses as of May 11 reached 32.1 million hectares. The current season's pace is lagging behind the 1976-79 average for this period by almost 14 million hectares and is approximately the same as last spring's estimated seeded area.

In the spring of 1980, excessive moisture and below average temperatures were prevalent throughout European USSR and severely delayed the sowing of all crops. Sowing of spring crops this season however, has been considerably better in the Ukraine and Belorussia; delays have primarily taken place in the central and northern European USSR. Current weather reports indicate improved conditions in these areas and the seeding pace is expected to quicken considerably.

The 1976-79 average and the 1980 and 1981 weekly seeding pace reports are as follows in millions of hectares.

	1976-79 Average	1980	1981
April 13	8.9	2.0 1/	7.8
April 20	15.0	3.8 1/	10.7
April 27	23.7	8.8	13.1
May 4	33.9	19.9	18.3
May 11	46.0	32.0	32.1

1/ Estimate.

OILSEEDS AND PRODUCTS

BRAZIL announced in early May, a 500,000-ton increase in the soybean export quota, which brings the total to 2 million tons for the 1981/82 marketing year which started March 1. CACEX, the foreign trade department of the Bank of Brazil, announced another measure which should facilitate marketings of domestic soybeans, i.e. the suspension of soybean imports under "draw-back." Under this scheme, Brazil has permitted imports of soybeans free of duties, mainly from neighboring Paraguay and Argentina, for processing, and export of the products free of export quotas and taxes. Growers contend that imports, at the time of heavy marketings of the domestic crop, have contributed to recent price weaknesses. Brazil imported 98,500 tons of soybeans in March 1981, most of which were supplied by Paraguay.

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BRAZIL exported 400,600 tons of soybean meal during the week ending May 10, the largest ever single week of export shipments. This brings Brazil's meal exports since the beginning of the current marketing year (March 1) to over 1.4 million tons, up 18 percent from the same period a year earlier.

As of mid-April, all of Brazil's soybean exports were to the Soviet Union, which also is a new market for Brazilian soybean meal, taking about 7 percent of the total exported. The EC countries are the major destination for Brazilian soybean meal and accounted for about 62 percent of the shipments. India has been the major destination for soybean oil with shipments of nearly 100,000 tons as of mid-April, followed by the USSR with shipments of 49,900 tons.

DAIRY, LIVESTOCK AND POULTRY

JAPAN's first quarter import figures for 1981 indicate that U.S. shipments of pork, cattle hides and chicken to that market should climb significantly this year. Japan is the United States' largest customer for these items, along with beef and other products.

Japan's pork slaughter for January-February was off 14.3 percent from a year earlier. Production may not recover to 1980 levels until this fall, causing 1981 output to fall 4 to 6 percent. In the first quarter of 1981, Japanese pork imports totaled 53,116 tons, nearly four times higher than in the same period of 1980. The U.S. share, at 13,538 tons, grew by about 10,000 tons, but is less than the amount shipped to date by Denmark and Canada.

Japanese tanners have reduced excess hide stocks, clearing the way for a 29.6-percent gain in cattle hide imports for the first quarter of 1981. The United States supplies over 80 percent of this market's requirements.

Higher chicken prices in Japan helped push first quarter imports up 63.7 percent over last year to 18,690 tons and the U.S. share doubled to 10,138 tons. Trade sources indicate that imports for all of 1981 should grow around 15 percent, and the United States will continue to benefit, especially from a strong demand for chicken legs.

Japan's beef imports fell 13 percent during the first quarter because of higher supplies of domestic dairy steer beef. However, imports from the United States at 6,090 tons remained practically unchanged from 1980 as demand for grainfed beef remained stable. For the Japanese Fiscal Year ending in March (JFY 1980), the United States supplied over 90 percent of Japan's grainfed beef imports. The high-quality beef portion of this trade between the two countries slightly exceeded 22,000 tons. This is 1,200 tons above the 20,800-ton target set for JFY 1980 in the U.S.-Japan Multilateral Trade Negotiation agreement.

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COTTON

In JAPAN, the Spinners Association has received approval from the government to implement its recession cartel plan which calls for a 15-percent reduction in cotton and synthetic yarn production from May 1 to June 30. The reduction is based on the January-March 1980 average daily production level. Ninety percent of the association's members will participate, idling 20 percent of their spindles. This action is less severe than sources had originally anticipated. Earlier predictions had cutbacks from 20 to 30 percent lasting for at least three months.

EGYPT has approved a \$572,000 project to develop short-staple cotton production on 2,075 acres of new land. The government has indicated that opportunities to expand short-staple cotton production in the future depend on the results of this 1981 trial.

Egypt has produced virtually no short-staple cotton to date, but has relied on the higher quality long-staple cotton for domestic use and for export. However, by producing more short-staple cotton for domestic use, greater quantities of long-staple cotton can be diverted to the export market for badly needed foreign exchange.

HORTICULTURAL AND TROPICAL PRODUCTS

The EC COMMISSION has imposed a provisional anti-dumping duty on imports of Canadian potato granules, following an investigation which resulted from a July 1980 complaint by the European Union of the Potato Processing Industry.

The new duty on Canadian potato granules has been set at 4,481 ECU per 100 kilograms, net weight (\$2.38 per pound), except for those originating in Vauxhall Foods Ltd., in which case the duty is 0.437 ECU per 100 kilograms, net weight (23 cents per pound). Exports from Carnation Inc. and Carnation Foods Co., Ltd., are exempt because of their voluntary price increases.

NEW ZEALAND has announced that wine will be exempted from import license control after July 1. However, a tariff quota will be announced later. This decision is based on a report on the New Zealand wine industry by the Industries Development Commission.

The tariff quota would be used to protect New Zealand wine producers from low-priced imports. In addition, a specific wine tax will replace the current sales tax and will be increased for cheaper wines and reduced for more expensive ones.

Although supermarkets still may not sell wine, additional wholesale licenses and other arrangements to permit current retail outlets to sell imported wine will allow freer distribution.

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The government has decided against the Commission's recommendations to remove the license from vermouth, or to permit imports of grape-juice concentrate for wine making.

A record WORLD COCOA BEAN CROP and declining prices have fostered increased consumption in recent months. First quarter grinding results for several major cocoa consuming countries indicate that world cocoa bean grindings will be higher in 1981. U.K. grindings for January-March 1981 were 21,400 tons, 38 percent larger than the year earlier level of 15,000 tons. The grind in West Germany totaled 41,739 tons, up from 40,240 tons during the first quarter of 1980, and grindings in the Netherlands also were higher at 36,040 tons, compared with a year-ago levels of 35,080 tons. U.S. first quarter grindings were reported earlier at 48,358 tons, 44 percent above the similar 1980 period.

In BRAZIL the Coffee Institute (IBC) released its first official forecast on May 13 for the 1981/82 coffee harvest at 32.1 million bags. If achieved, this would be the largest harvest since the 37.7-million-bag crop of 1965/66, and would provide significant relief from the country's current tight supply situation. It also represents considerable economic concern to top level officials as the government will likely have to disperse substantial funds for the purchase of surplus coffee at a time when government expenditures will be tightly controlled.

USDA had earlier pegged its estimate of Brazil's 1981/82 coffee crop at 31 to 33 million bags, with the probability now that the final figure will be on the high side of this range. According to press reports, the IBC's final production estimate for the 1980/81 coffee crop is 21.6 million bags.

INTERNATIONAL WEATHER AND CROP SUMMARY, May 11-17

EUROPE--A persistent low pressure system dumped above-normal rainfall in a broad band extending from the United Kingdom to Yugoslavia. Conditions in parts of France and West Germany may have become unfavorably wet, but for the most part, the moisture was beneficial. The generous rains in northern Italy were especially welcome for summer crops; winter grains should be nearing maturity. The lightest rainfall areas of Poland and southern Spain still had adequate soil moisture. The normal dry season is approaching Spain from the south. Above-normal temperatures kept crops advancing rapidly in the north, while southerly portions of the region had cooler than normal weather.

USSR--A high pressure system dominated European USSR for much of the week and kept precipitation mostly to the south. Only parts of the Ukraine and North Caucasus received some above-normal rains. The drier weather permitted fieldwork to continue at a rapid rate in most areas where delays had been encountered previously. Crop development in the eastern half

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of the winter grain belt was slowed again by below-normal temperatures. Greatest lags exist in the eastern Ukraine, where crop growth should be about a week behind normal. The western Ukraine experienced normal temperatures, while in the northwest, temperatures ranged above the norm. In the New Lands, abundant rains fell in the west, creating excellent conditions as spring sowing got underway. Rainfall in the eastern portion increased somewhat, improving the outlook for spring grains. Some locations received above-normal rainfall.

EASTERN ASIA--Light to moderate rainfall occurred over most of China's winter wheat belt. With the crop nearly mature in the south, the moisture was not of much benefit; however, grain filling in northern areas was aided. Normally abundant rainfall continued in areas south of the Yangtze River. Only in western Guangdong and eastern Guangxi were conditions too wet. In general, rice crop prospects are good. The Manchurian Valley received above normal rainfall which kept eastern portions too wet, but benefited dry fields in the west. In South Korea, increased rainfall improved growing conditions for rice. Temperatures dipped below normal, but impacts should be negligible, since recent weather has been warmer than normal.

SOUTH ASIA--Rainfall increased again in Bangladesh and eastern India. Some localized flooding may have occurred, but the moisture was mostly beneficial. With the expected onset of the monsoon still some weeks off, light showers continued along the southeastern coast of India. Increased rainfall also was reported from the foothill regions of the Himalayas.

NORTHWESTERN AFRICA--With winter grain harvesting well underway, little rain fell across the region. Moderate rain in the east fell on nonagricultural lands. The dry summers in this region have little impact on agriculture, and coverage of this region will be discontinued until next autumn.

SOUTH AMERICA--Locally heavy rain fell in crop areas of Entre Rios and Santa Fe. Weekly amounts of 50 to 125 mm caused further crop harvest delays and reduced the quality of yields by increasing the moisture content of grain. Corn and sorghum harvests were over 50 percent complete but wet weather has slowed progress. The soybean harvest has been hampered by wet weather since it began in early May. Beneficial moisture of 25 to 60 mm fell in the wheat area of La Pampa and southern Buenos Aires. In Brazil, dry weather favored late corn and soybean harvests. Significant weekly rainfall was confined to Rio Grande do Sul where 20 to 60 mm fell in the wheat area. Conditions are favorable for early growth of winter wheat.

CANADA--A storm system produced 25 to 50 mm of rainfall in southern Alberta late in the week. This timely moisture has improved soil conditions for emergence and early growth of spring wheat in the western Prairies. About 10 mm of weekly rainfall occurred in southwestern Saskatchewan where spring planting is about 85 to 90 percent complete. Elsewhere in Saskatchewan and Manitoba weekly rainfall was minimal. Spring plantings were over 50 percent complete in the province of Saskatchewan and over 30 percent complete in Manitoba. The south-central portion of Saskatchewan, which is the biggest wheat producer of the three Prairie Provinces, remained dry. Soil moisture reserves are low in this area, which is causing some concern about crop germination and emergence.

AUSTRALIA--Shower activity occurred in portions of Australia's wheat belt as a frontal system moved across the southern half of the continent. However, rainfall amounts were disappointing for wheat growers. The wheat growing areas of West Australia and South Australia generally received less than 10 mm of weekly rainfall, while minimal amounts fell in most of the eastern wheat belt. Significant rainfall of 10 to 35 mm was confined mostly to coastal areas of Victoria, New South Wales and Queensland. Scattered showers did produce up to 15 mm of rain in peripheral crop areas of both northwestern and southeastern New South Wales. Significant rainfall is needed in the wheat belt during the next several weeks to provide adequate moisture for wheat sowing which usually reaches a peak by mid-June. Although farmers can delay planting until August, the late start of the growing season caused by insufficient moisture would not only retard crop emergence and shorten the growth cycle but also reduce potential crop yields.

SOUTHEAST ASIA--Widespread showers produced significant weekly rainfall of 25 to 100 mm over much of Thailand. The center of activity shifted to eastern Thailand this week where locally heavy showers brought 100 to 125 mm to higher elevations. The extreme northern portion of Thailand also benefited from 10 to 60 mm of rainfall, but less than 10 mm of rain fell in western Thailand. The rainfall pattern of the past three weeks has brought abundant early-season moisture to nearly all of Thailand at one time or another. The premonsoon rains have provided favorable conditions for early growth of corn and rice, since growth cycles for these crops coincide with the wet season.

MEXICO--Mostly sunny, dry weather the first half of May favored field activities and crop development. Unseasonably heavy rains in April over the upper north-central and northeastern portions, as well as parts of the east, improved soil moisture and helped replenish reservoirs. This will benefit cotton, corn, grain sorghum, pastures and some citrus. Some nonirrigated citrus orchards from Montemorelos to Cd. Victoria are under moisture stress because of lack of rain. Southern Plateau corn had light rains, about half of normal, in the western districts during April and early May while moisture has been adequate in the eastern portion. Crop prospects should be generally bright over the northwest as reservoir levels have finally climbed back to their long term average after a severe drought which peaked last summer.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 19, 1981		Change from	A year
			previous week	ago
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	206.50	5.62	-04	202.00
U.S. No. 2 DHW/HW: 13.5%.....	205.00	5.58	-06	1/
U.S. No. 2 S.R.W.....	168.00	4.57	-33	189.00
U.S. No. 3 H.A.D.....	224.00	6.10	-16	228.00
Canadian No. 1 A: Durum.....	1/	1/	1/	250.00
Feed grains:				
U.S. No. 3 Yellow Corn.....	160.00	4.06	N.C.	138.00
U.S. No. 2 Sorghum 2/.....	160.00 7/	4.06	-11	1/
Feed Barley 3/.....	160.25	3.49	+07	140.50
Soybeans:				
U.S. No. 2 Yellow.....	306.00	8.33	-04	260.50
Argentine 4/.....	300.00	8.16	-03	253.90
U.S. 44% Soybean Meal (M.T.)..	265.50	--	-5.50 5/	223.00
EC Import Levies				
Wheat 6/.....	84.98	2.31	+27	118.05
Barley.....	67.67	1.47	+02	124.30
Corn.....	69.17	1.76	+01	131.70
Sorghum.....	66.08	1.68	-07	123.70

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ Afloat/May shipment

Note: Basis June delivery.

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